

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 97-036-C - ORDER NO. 97-521
JUNE 18, 1997

IN RE: Application of Strategic Telecom)	ORDER
Systems, Inc. for a Certificate of)	APPROVING
Public Convenience and Necessity to)	CERTIFICATE
Provide Intrastate Resold Telecommuni-)	
cations Services within the State of)	
South Carolina.)	

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Strategic Telecom Systems, Inc. ("Strategic" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide resold intrastate telecommunications services in the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1996), and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed Strategic to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of Strategic's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Strategic complied with this instruction and provided the

Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were received by the Commission regarding Strategic's Application.

A hearing on Strategic's Application was held on May 27, 1997, at 11:00 a.m., in the Commission's Hearing Room. The Honorable Guy Butler, Chairman, presided. Strategic was represented by Robert D. Coble, Esquire. Florence P. Belser, Staff Counsel, represented the Commission Staff.

Anthony R. Catinella, President of Strategic, appeared and offered testimony in support of Strategic's Application. The record reveals that Strategic is a Tennessee corporation which is registered to do business in South Carolina as a foreign corporation. Mr. Catinella explained the Company's request for authority to provide interexchange telecommunications services in South Carolina as a reseller. According to Mr. Catinella, Strategic proposes to offer primarily prepaid calling cards. Mr. Catinella states that Strategic will only use carriers who are certified to carry traffic in South Carolina. The record reveals the Company's services, operations and marketing procedures. Mr. Catinella also testified that the Company is aware of this Commission's requirement of a security bond from out-of-state resellers offering prepaid calling (debit) cards.

Further, Mr. Catinella offered that Strategic possesses the technical, financial and managerial abilities to provide its services in South Carolina. Mr. Catinella testified that the Company would operate in accordance with the Commission rules,

regulations, guidelines, and prior Commission Orders. Finally, Mr. Catinella stated that Strategic would make certain revisions to its tariff, as suggested by the Commission Staff, in order to bring the tariff into compliance with the Rules and Regulations of the Commission.

At the conclusion of the hearing, counsel for Strategic made a motion that the Commission waive any requirement of refunds for revenues collected for completed intrastate calls prior to Strategic receiving certification. During the hearing, Mr. Catinella stated that Strategic had completed some intrastate calls but could not quantify the amount of revenues collected from these calls. Mr. Catinella also offered that when Strategic was made aware that it should not be completing intrastate calls that Strategic began blocking those calls.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Strategic is incorporated under the laws of the State of Tennessee and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. Strategic operates as a non-facilities based reseller of interexchange services and wishes to provide its services in South Carolina.

3. Strategic has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Strategic to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for Strategic for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Strategic shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Strategic shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances

which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1996).

4. Strategic shall file its revised tariff, setting forth its schedule of maximum rates and an accompanying price list, within thirty (30) days from the date of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. Strategic is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

6. With regard to the Company's authority to provide resold telecommunications services (other than prepaid debit card services), an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. Strategic shall resell the services of only those interexchange carriers or LECs authorized to do business in South

Carolina by this Commission. If Strategic changes underlying carriers, it shall notify the Commission in writing.

8. With regard to the origination and termination of toll calls within the same LATA, Strategic shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

9. Strategic shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

10. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

Strategic shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, Strategic shall promptly notify the Commission in writing if the representatives are replaced, and the Company is directed to comply with the Commission regulations unless waived by the Commission.

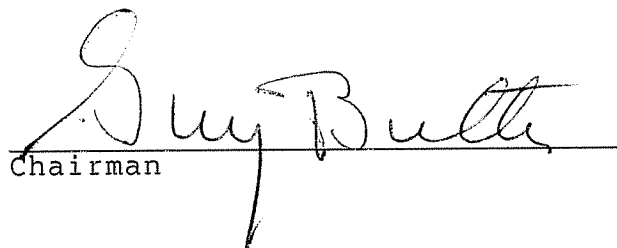
11. As a condition of offering debit card services, the Commission requires the Company to post with the Commission a bond in the form of a Certificate of Deposit worth \$5,000 drawn in the name of the Public Service Commission of South Carolina or a surety bond in the amount of \$5,000 which is payable to the Commission. The Certificate of Deposit shall be drawn on federal or state chartered banks or savings and loan associations which maintain an office in this state and whose accounts are insured by either the FDIC or the Federal Savings and Loan Insurance Corporation. A surety bond shall be issued by a duly licensed bonding or insurance company authorized to do business in South Carolina. This condition may be reviewed in one year.

12. If the Company sells its debit cards to retail establishments or other retailers for sale of the debit cards, and the retailer of the debit cards deviates from the suggested retail price as filed in the tariff, or as approved by the Commission in a special promotion, then the Company will withdraw its cards from that retailer. This Commission strongly suggests that the Company enter into written agreements with its South Carolina retail outlets and retailers regarding this policy of abiding by suggested retail pricing prior to the retail outlet marketing and selling the card.

13. Strategic's motion to waive refunds for revenues collected for completed intrastate calls prior to certification is granted.

14. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

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ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

* THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR
ENDING _____.

* THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT
(SEE #3 ABOVE).

SIGNATURE

NAME (PLEASE TYPE OF PRINT)

TITLE

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ATTACHMENT B

INFORMATION OF THE AUTHORIZED UTILITY REPRESENTATIVES
FOR INTEREXCHANGE, LOCAL AND AOS COMPANIES

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION
REGULATION 103-612.2.4(b), each utility shall file and
maintain with the Commission the name, title, address, and
telephone number of the persons who should be contacted in
connection with Customer Relations/Complaints.

Company Name/DBA Name

Business Address

City, State, Zip Code

Authorized Utility Representative (Please Print or Type)

Telephone Number

Fax Number

E-Mail Address

This form was completed by

Signature

If you have any questions, contact the Consumer Services
Department at 803-737-5230